

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2184

LISTED JANUARY 5, 1965
3,000,000 shares of \$1.00 par value
Ticker abbreviation "SFM"
Dial ticker number 2180
Post section 5.6

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

SILVERFIELDS MINING CORPORATION LIMITED

Incorporated under Part IV of the Corporations Act,
Ontario, by Letters Patent dated September 13, 1962.

1. Address of the company's Head Office and of any other offices:

Suite 914, 111 Richmond Street West, Toronto, Ontario.
Executive Office - Suite 1000, 11 Adelaide Street West, Toronto, Ontario.

2. Officers of the company:

| OFFICE HELD | NAME | ADDRESS | OCCUPATION |
|---------------------|---------------------|---|-----------------------|
| President | Dr. N. B. Keevil | 866 Tennyson Avenue, Port Credit, Ont. | Geophysicist |
| Vice-President | Stephen Kay | 501 Kingston Road, Toronto, Ont. | Professional Engineer |
| Secretary-Treasurer | David Stuart Brown | 109 Pandora Circle, Scarborough, Ont. | Accountant |
| General Manager | John Burns Anderson | 26 Colwood Road, Islington, Ont. | Mining Engineer |
| Assistant Secretary | M. Robert Scriven | 5 Wendover Road, Toronto, Ont. | Barrister & Solicitor |

3. Directors of the Company:

| NAME | ADDRESS | OCCUPATION |
|---------------------------|---|-----------------------|
| Hon. John Black Aird | 2 Glenallan Road, Toronto, Ont. | Queen's Counsel |
| Sir Michael Butler, Bart. | 49 Highland Crescent, York Mills, Ont. | Barrister & Solicitor |
| Stephen Kay | 501 Kingston Road, Toronto, Ont. | Professional Engineer |
| Dr. N. B. Keevil | 866 Tennyson Avenue, Port Credit, Ont. | Geophysicist |
| Charles Gordon MacIntosh | 5 Berkindale Drive, Willowdale, Ont. | Professional Engineer |

4. Names and addresses of all transfer agents:

Eastern & Chartered Trust Company, 1901 Yonge Street, Toronto 7, Ontario.

5. Particulars of any fee charged upon transfer other than customary government taxes:

By a resolution of the Board of Directors dated September 14, 1962 it was resolved that a fee of 50¢ be charged for each share certificate other than shares from the treasury.

6. Names and addresses of all registrars:

Eastern & Chartered Trust Company, 1901 Yonge Street, Toronto 7, Ontario.

7. Amount of authorized capital: \$3,000,000

8. Number of shares and par value: 3,000,000 shares with par value of \$1.00 each.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

| Date | Number of Shares | Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc. |
|--------------------|------------------|--|
| September 25, 1962 | 700,000 | 31 unpatented claims in Fabre Township, Quebec, the total consideration being 700,000 shares valued at \$210,000. |
| September 25, 1962 | 100,000 | Assignment of Lease of 4 patented parcels, Coleman Township, Ontario, the total consideration being 100,000 shares valued at \$30,000 and assumption of exploration costs and advance royalty to date. |
| October 1, 1963 | 100,000 | Bonus in respect of loan to the Company of up to \$200,000 at 6% interest, since repaid. |
| Total | <u>900,000</u> | |

| 10. Full details of all shares sold for cash. | Date | Number of Shares | Price per Share | Amount realized by Company |
|---|-------------------|------------------|-----------------|----------------------------|
| | October 2, 1962 | 5 | \$1.00 | \$ 5.00 |
| | October 26, 1962 | 400,000 | .30¢ | 120,000.00 |
| | August 28, 1963 | 200,000 | .30¢ | 60,000.00 |
| | Total | <u>600,005</u> | | <u>\$180,005.00</u> |
| 11. Total number of shares issued: | 1,500,005 | | | |
| 12. Number of shares now in treasury or otherwise unissued. | 1,499,995 | | | |
| 13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes. | Nil | | | |
| 14. Date of last annual meeting. | November 4, 1964. | | | |
| 15. Date of last report to shareholders. | October 21, 1964. | | | |
| 16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated. | None | | | |
| 17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed. | Nil | | | |

| 18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | Nil | | | | | | | | | | | | | | |
|--|--|-------------------------|----------------------|---|----------------|--|----------------|---|----------------|--|---------------|---|---------------|--|--|
| 19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control. | Nil | | | | | | | | | | | | | | |
| 20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Nil | | | | | | | | | | | | | | |
| 21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <table> <tr> <th><u>Name and Address</u></th><th><u>Shareholdings</u></th></tr> <tr> <td>Goldfields Mining Corporation Limited, Suite 1000, 11 Adelaide Street West, Toronto, Ontario.</td><td>550,000 shares</td></tr> <tr> <td>Joseph H. Hirshhorn, Suite 1601, 8 King Street East, Toronto, Ontario.</td><td>121,500 shares</td></tr> <tr> <td>Mrs. Jill Kay, 501 Kingston Road, Toronto, Ontario.</td><td>100,000 shares</td></tr> <tr> <td>Houston & Co., 334 Bay Street, Toronto, Ontario.</td><td>95,300 shares</td></tr> <tr> <td>James E. Armstrong, Box 197, Cobalt, Ontario.</td><td>90,000 shares</td></tr> <tr> <td colspan="2">The beneficial ownership of shares held by Houston & Co. is unknown.</td></tr> </table> | <u>Name and Address</u> | <u>Shareholdings</u> | Goldfields Mining Corporation Limited, Suite 1000, 11 Adelaide Street West, Toronto, Ontario. | 550,000 shares | Joseph H. Hirshhorn, Suite 1601, 8 King Street East, Toronto, Ontario. | 121,500 shares | Mrs. Jill Kay, 501 Kingston Road, Toronto, Ontario. | 100,000 shares | Houston & Co., 334 Bay Street, Toronto, Ontario. | 95,300 shares | James E. Armstrong, Box 197, Cobalt, Ontario. | 90,000 shares | The beneficial ownership of shares held by Houston & Co. is unknown. | |
| <u>Name and Address</u> | <u>Shareholdings</u> | | | | | | | | | | | | | | |
| Goldfields Mining Corporation Limited, Suite 1000, 11 Adelaide Street West, Toronto, Ontario. | 550,000 shares | | | | | | | | | | | | | | |
| Joseph H. Hirshhorn, Suite 1601, 8 King Street East, Toronto, Ontario. | 121,500 shares | | | | | | | | | | | | | | |
| Mrs. Jill Kay, 501 Kingston Road, Toronto, Ontario. | 100,000 shares | | | | | | | | | | | | | | |
| Houston & Co., 334 Bay Street, Toronto, Ontario. | 95,300 shares | | | | | | | | | | | | | | |
| James E. Armstrong, Box 197, Cobalt, Ontario. | 90,000 shares | | | | | | | | | | | | | | |
| The beneficial ownership of shares held by Houston & Co. is unknown. | | | | | | | | | | | | | | | |
| 22. Names and addresses of persons whose shareholding are large enough to materially affect control of the Company. | Goldfields Mining Corporation Limited acting together with other shareholders may be in a position to materially affect control of the Company. | | | | | | | | | | | | | | |
| 23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body. | Statutory prospectus dated October 3, 1962 together with amendment thereto dated April 8, 1963 and Statutory Prospectus dated October 23, 1963 together with amendment thereto dated June 30, 1964 were accepted for filing by the Ontario Securities Commission. | | | | | | | | | | | | | | |
| 24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars. | No | | | | | | | | | | | | | | |
| 25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding. | Nil | | | | | | | | | | | | | | |
| 26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | 100 shares Keevil Mining Group Limited at \$50 (Service Company) | | | | | | | | | | | | | | |

| <p>27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:</p> <p>(a) Properties owned where titles vested in Company.</p> <p>(b) Properties leased.</p> <p>(c) Properties otherwise held. Give particulars of title held by the Company in each instance (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)</p> | <p>Nil</p> <p>Lease of 4 patented parcels of land in Broken Lot 5, Concession IV, Township of Coleman, District of Timiskaming, Ontario, registered in the Land Titles Office at Haileybury in the Register for the South Section of Timiskaming as parcel numbers 3727, 3728, 5323 and 5324, and comprising approximately 67.5 acres for a term of ten years from July 4, 1962.</p> <p>31 unpatented mining claims, being parts of Lots 30 to 42 inclusive, Concession 2, Township of Fabre, Province of Quebec, described as follows:</p> <table data-bbox="739 750 1262 973"> <thead> <tr> <th>Licence No.</th><th>Claim Nos.</th></tr> </thead> <tbody> <tr> <td>197592</td><td>1 to 4 incl.</td></tr> <tr> <td>197593</td><td>1 to 4 incl.</td></tr> <tr> <td>197594</td><td>1 to 5 incl.</td></tr> <tr> <td>197595</td><td>1 to 3 incl.</td></tr> <tr> <td>197596</td><td>1 to 5 incl.</td></tr> <tr> <td>197597</td><td>1 to 3 incl.</td></tr> <tr> <td>197598</td><td>1 to 3 incl.</td></tr> <tr> <td>197599</td><td>1 to 4 incl.</td></tr> </tbody> </table> <p>Eight unpatented claims in Taylor Township Larder Lake Mining Division, Ontario, being claim Nos. 78317 to 78320, inclusive and 78427 to 78430 inclusive. In the event the Company does not deem it advisable to incorporate a new company on or before May 19, 1965 in which the vendor shall be entitled to receive 50,000 shares, the claims shall revert to the Vendor.</p> | Licence No. | Claim Nos. | 197592 | 1 to 4 incl. | 197593 | 1 to 4 incl. | 197594 | 1 to 5 incl. | 197595 | 1 to 3 incl. | 197596 | 1 to 5 incl. | 197597 | 1 to 3 incl. | 197598 | 1 to 3 incl. | 197599 | 1 to 4 incl. |
|---|--|-------------|------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|
| Licence No. | Claim Nos. | | | | | | | | | | | | | | | | | | |
| 197592 | 1 to 4 incl. | | | | | | | | | | | | | | | | | | |
| 197593 | 1 to 4 incl. | | | | | | | | | | | | | | | | | | |
| 197594 | 1 to 5 incl. | | | | | | | | | | | | | | | | | | |
| 197595 | 1 to 3 incl. | | | | | | | | | | | | | | | | | | |
| 197596 | 1 to 5 incl. | | | | | | | | | | | | | | | | | | |
| 197597 | 1 to 3 incl. | | | | | | | | | | | | | | | | | | |
| 197598 | 1 to 3 incl. | | | | | | | | | | | | | | | | | | |
| 197599 | 1 to 4 incl. | | | | | | | | | | | | | | | | | | |
| <p>28. Full particulars of any royalties or other charges payable upon production from each individual property.</p> | <p>The terms of the Lease referred to in Section 27 (b) above, as amended, provide for a royalty of 15% of the net smelter returns on all high-grade ores not requiring mill concentration and 10% of the net smelter returns of all other ores and minerals, all in respect of royalties payable on and after January 4, 1965 and conditional in each year upon the Company expending a minimum of \$25,000 in bona fide exploration and development of the leased mining claims during such year. Prior thereto or in the event in any year of the Company failing to make the aforesaid expenditure the Lease provides for a royalty of 15% of the net smelter returns on all ores, minerals or metals. Minimum advanced royalties required thereunder amount to \$5,000.00 per year.</p> | | | | | | | | | | | | | | | | | | |
| <p>29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.</p> | <p>Nil</p> | | | | | | | | | | | | | | | | | | |
| <p>30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p> | <p>Not applicable</p> | | | | | | | | | | | | | | | | | | |
| <p>31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.</p> | <p>None</p> | | | | | | | | | | | | | | | | | | |

| | |
|--|---|
| 32. Describe plant and equipment on property or properties. | The Plant and equipment on the Coleman Township property is as follows: two compartment shaft, 65 foot wooden headframe, double drum electric hoist, hoistroom, powder house, combined office and dry, boiler room, machine shop, two pumps, together with normal underground plant and equipment for mining operations. There is no plant or equipment on the Fabre Township or Taylor Township properties. |
| 33. Describe all development accomplished and planned. | <p>An intensive diamond drilling programme was undertaken on the Coleman Township property resulting in the location of ore. The shaft was deepened and the fourth and fifth levels developed. Production is presently being shipped to a custom mill at a projected rate of 3,000 tons per month. Further extension of the ore bodies is planned.</p> <p>An exploration programme has been recommended for the Fabre Township property and at the present time diamond drilling is being conducted thereon.</p> <p>An initial exploration programme has been recommended for the Taylor Township properties to determine if further work is justifiable.</p> |
| 34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request. | Report on the properties and operations of Silverfields Mining Corporation Limited dated the 30th day of September, 1964, by E. E. Campbell, P. Eng., Mining Engineer and Geologist. |
| 35. Full particulars of production to date. | As at August 31, 1964, 13,831 dry tons of ore were milled, 522,274 ounces of silver being recovered therefrom. |
| 36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution. | No. |
| 37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange. | Edison, Aird & Berlis, 111 Richmond Street West, Toronto 1, Ontario. |
| 38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars. (b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so give particulars. (c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars. | No. No. No. |

| | |
|--|--|
| 39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm. | <p><i>HON. JOHN BLACK AIRD</i> has been a Barrister & Solicitor and partner in the firm of Edison, Aird & Berlis, 111 Richmond Street West, Toronto, Ontario.</p> <p><i>JOHN BURNS ANDERSON</i>, Manager of Mindecon Ltd. and project manager for M. J. Boylen Engineering Offices until September, 1964, and subsequently General Manager, Mining Operations, of Teck Corporation Limited and associated companies.</p> <p><i>DAVID STUART BROWN</i> has been an accountant employed by Geophysical Engineering & Surveys Limited, 11 Adelaide Street West, Toronto, Ontario.</p> <p><i>SIR MICHAEL BUTLER, BART.</i> has been a Barrister & Solicitor and partner in the firm of Edison, Aird & Berlis, 111 Richmond Street West, Toronto, Ontario.</p> <p><i>STEPHEN KAY</i> has been the executive assistant of Mr. Joseph H. Hirshhorn.</p> <p><i>DR. NORMAN B. KEEVIL</i> has been a geophysicist and senior executive officer of such companies as Teck Corporation Limited and Goldfields Mining Corporation Limited.</p> <p><i>CHARLES GORDON MacINTOSH</i> has been engaged as a Professional Engineer associated with Geophysical Engineering & Surveys Limited, 11 Adelaide Street West, Toronto, Ontario.</p> <p><i>M. ROBERT SCRIVEN</i> has been a Barrister & Solicitor with the firm of Edison, Aird & Berlis, 111 Richmond Street West, Toronto, Ontario and a student-at-law.</p> |
| 40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing. Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company. | Nil |
| 41. Any other material facts not disclosed in the foregoing. | Nil |

STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL

as of December 7, 1964

FREE STOCK

| | Shares | Shares |
|--|-----------|-----------|
| (a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees). | 1,500,000 | |
| (b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees. | 5 | |
| Total free stock | | 1,500,005 |

ESCROWED OR POOLED STOCK

| | |
|---|-----------|
| (c) Held in escrow or pool as set out in Item 19 of this application. | nil |
| Total issued capital | 1,500,005 |

RECORD OF SHAREHOLDERS

| | |
|---|-----|
| Number of registered shareholders holding shares in class (a) above | 188 |
| Number of registered shareholders holding shares in class (b) above | 5 |
| Number of registered shareholders holding shares in class (c) above | nil |

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

as of November 3, 1964

| Number | Shares |
|------------------------------------|------------------------|
| 27 Holders of 1 — 100 shares | 2,205 |
| 95 " " 101 — 1000 " | 52,550 |
| 34 " " 1001 — 2000 " | 60,950 |
| 6 " " 2001 — 3000 " | 15,000 |
| 1 " " 3001 — 4000 " | 4,000 |
| 7 " " 4001 — 5000 " | 33,700 |
| 23 " " 5000 — up " | 1,331,600 |
| 193 Stockholders | Total Shares 1,500,005 |

Dated at Toronto the 7th day of December, 1964



SILVERFIELDS MINING CORPORATION LIMITED

"N. B. KEEVIL"
President

"D. S. BROWN"
Secretary-Treasurer

FINANCIAL STATEMENTS

SILVERFIELDS MINING CORPORATION LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet as at August 31, 1964

STATEMENT I

ASSETS

CURRENT ASSETS:

| | | |
|--|--------------|------------|
| Cash | \$ 12,907.15 | |
| Ore settlements receivable — at net realized value | 218,406.76 | |
| Prepaid expenses and deposits | 3,413.78 | |
| Supplies and materials — at cost | 4,472.27 | 239,199.96 |

PROPERTIES:

| | | |
|---|------------|------------|
| Lease for ten years from July 4, 1962 on 4 patented claims located in the Township of Coleman, Ontario (Note 1) (purchase consideration 100,000 shares capital stock at \$0.30 per share) | 30,000.00 | |
| 31 unpatented mining claims located in the Township of Fabre, Quebec (purchase consideration 700,000 shares capital stock at \$0.30 per share) | 210,000.00 | |
| 8 unpatented mining claims located in the Township of Taylor—expenditures to date (Note 2) | 7,555.40 | 247,555.40 |

FIXED ASSETS:

| | | |
|--|------------|---------------------|
| Buildings (on leasehold land) — construction costs to date | 28,909.23 | |
| Machinery and equipment — cost | 77,843.48 | |
| Power line and mine access road — cost | 5,321.26 | |
| | 112,073.97 | |
| Accumulated depreciation | 16,811.10 | 95,262.87 |
| | | <u>\$582,018.23</u> |

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|--------------|------------|
| Accounts payable and accrued liabilities | \$ 39,998.42 | |
| Payrolls and payroll deductions payable | 9,066.08 | |
| Accrued production royalties | 46,261.01 | |
| Ontario mining tax | 25,100.00 | |
| Income taxes payable | 8,236.00 | 128,661.51 |

SHAREHOLDERS' EQUITY:

Capital Stock:

Authorized—3,000,000 shares of a par value of \$1.00 each

Issued and fully paid:

| | Shares | Par value | Discount | |
|---|------------------|--------------------|------------------|-------------------|
| August 31, 1963 | 1,400,005 | \$1,400,005 | 980,000 | 420,005.00 |
| Issued during current year (Note 3) ... | 100,000 | 100,000 | 85,000 | 15,000.00 |
| | <u>1,500,005</u> | <u>\$1,500,005</u> | <u>1,065,000</u> | <u>435,005.00</u> |

| | | |
|---------------|-----------|------------|
| SURPLUS | 18,351.72 | 453,356.72 |
|---------------|-----------|------------|

Approved on behalf of the Board:

R. MICHAEL BUTLER, Director.

STEPHEN KAY, Director.

\$582,018.23

SILVERFIELDS MINING CORPORATION LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Silverfields Mining Corporation Limited as at August 31, 1964, and the statements of surplus, metal production, and exploration, development and administrative expenditures for the year ended that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of surplus, metal production and exploration, development and administrative expenditures, together with the notes appended thereto, present fairly the financial position of the company as at August 31, 1964, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles.

Toronto, Ontario,
September 22, 1964.

DOE, SHAUGHNESSY & CO.,

Chartered Accountants.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 1964

1. The lease provides that the lessor is to receive a royalty of 15% of net smelter returns as defined therein. Advances account royalties are payable \$5,000. per annum commencing July 4, 1964 during the term of the lease. These advances are applicable only against royalties payable on production in the year the advance is paid.
2. The company has agreed to purchase 8 unpatented claims in the Township of Taylor, Larder Lake Mining Division for the sum of \$15,000. of which \$7,500. has been paid and the balance \$7,500. is payable on or before November 20, 1964. The company has until May 19, 1965, at its option, to form a new company to acquire these claims and, in this event, the vendor would receive 50,000 shares of the new company, of which 90% would be in escrow.
3. The company issued 100,000 treasury shares (to be held in escrow) in consideration for a loan from Goldfields Mining Corporation Limited which was repaid during the year.
4. Ore extracted during development work and on hand at August 31, 1964 amounted to approximately 2,667 tons.

STATEMENT II

STATEMENT OF SURPLUS

For the Year Ended August 31, 1964

| | |
|---|---------------------|
| NET PROCEEDS FOR THE YEAR | \$ 38,601.69 |
| Cost of obtaining development loan (Note 3) — written off | \$ 15,000.00 |
| Organization expense — written off | 5,249.97 |
| | <u>20,249.97</u> |
| BALANCE, AUGUST 31, 1964 | <u>\$ 18,351.72</u> |

SILVERFIELDS MINING CORPORATION LIMITED

STATEMENT OF METAL PRODUCTION - DEVELOPMENT ORE SHIPPED

For the Year Ended August 31, 1964

STATEMENT III

| | | |
|--|--------------|---------------------|
| PROCEEDS SALE OF ORE AND CONCENTRATES | | \$759,407.26 |
| Less: Smelter and refining charges, freight and marketing | \$ 41,203.26 | |
| Royalties paid or accrued | 108,710.17 | |
| Custom milling of development ore | 64,678.31 | 214,591.74 |
| NET PROCEEDS METAL SOLD | | 544,815.52 |
| Exploration, development and administrative expenses to date (Statement IV) | 456,066.73 | |
| Provision for depreciation | 16,811.10 | |
| Provision for Ontario Mining tax | 25,100.00 | 497,977.83 |
| EXCESS OF PROCEEDS FROM DEVELOPMENT ORE — over all costs to date | | 46,837.69 |
| Provision for income taxes | | 8,236.00 |
| NET PROCEEDS (Statement II) | | <u>\$ 38,601.69</u> |

STATEMENT IV

STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

For the Year Ended August 31, 1964

MINE EXPLORATION AND DEVELOPMENT:

| | | |
|--------------------------------------|-------------|--------------|
| Stations, pumps and slashes | \$ 5,708.26 | |
| Drifting and crosscutting | 120,933.94 | |
| Diamond drilling — underground | 34,944.65 | |
| Raising | 36,171.96 | |
| Preliminary mining | 46,368.81 | |
| Test holes and surface surveys | 1,356.00 | |
| Licenses, fees, abstracts, etc. | 492.20 | |
| Geological and geophysical | 1,795.85 | \$247,771.67 |

MINE GENERAL AND ADMINISTRATIVE:

| | | |
|---|----------|-----------|
| General superintendence | 9,957.06 | |
| Consulting fees | 6,000.00 | |
| Office salaries | 3,864.42 | |
| Office expenses, stationery and postage | 977.06 | |
| Telephone and telegraph | 703.31 | |
| Transportation and travel | 2,097.96 | |
| Warehouse cartage, freight and express | 637.43 | |
| Miscellaneous | 522.93 | |
| Employees' welfare expense | 2,797.71 | |
| Maintenance of buildings, yards and roads | 4,064.31 | |
| Mine safety expense | 533.01 | |
| Equipment rentals | 3,075.00 | |
| Camp light and heat | 936.08 | |
| Insurance | 486.44 | 36,652.72 |

HEAD OFFICE EXPENSES:

| | | |
|---|----------|-----------|
| Consulting and engineering | 731.55 | |
| Administrative services | 5,700.00 | |
| Legal, audit and secretarial | 3,773.16 | |
| Corporation fees, taxes and licenses, etc. | 621.80 | |
| Stock transfer fees and publicity | 619.12 | |
| Printing, office and general expense | 1,214.25 | |
| Interest on loans (net) | 6,413.34 | 19,073.22 |

| | | |
|-----------------------------------|--|------------|
| TOTAL EXPENDITURES FOR YEAR | | 303,497.61 |
|-----------------------------------|--|------------|

EXPENDITURES DEFERRED AT AUGUST 31, 1963:

| | | |
|--|------------|------------|
| Exploration, development and rehabilitation expenses | 148,005.51 | |
| Administrative and general expenses | 4,563.61 | 152,569.12 |

TOTAL EXPENDITURES TO DATE (deducted from net proceeds metal sold)

| | | |
|---------------------|--|---------------------|
| Statement III | | <u>\$456,066.73</u> |
|---------------------|--|---------------------|

ENGINEER'S REPORT

REPORT ON THE PROPERTIES & OPERATIONS OF SILVERFIELDS MINING CORPORATION LIMITED

(All plans and maps, except location maps, referred to herein are on file with The Toronto Stock Exchange)

SUMMARY AND CONCLUSIONS

1. Silverfields Mining Corporation Limited has a lease on a silver producing property at Cobalt, Ontario, owns 29 unpatented mining claims comprising a silver prospect in Fabre Township, Quebec, and has an option on 8 unpatented mining claims comprising a gold prospect in Taylor Township, Ontario.

2. The property at Cobalt contains a sub-surface trough of Huronian sediments underlain by Keewatin volcanics and overlain by Nipissing diabase. Since acquisition of the property in September 1962, veins containing silver mineralization have been discovered in this trough structure, have been developed, and are being prepared for mining.

3. Custom milling of some of the muck from development and stope preparation has produced 689,485 ounces of silver. The average grade of this muck has been 41.89 ozs. silver per ton.

4. The mining plant is efficient and adequate for the scale of operations being considered. Custom milling facilities are provided by a nearby plant with a capacity adequate for foreseeable needs.

5. The operating techniques employed by the company are largely standard for the Cobalt area. A possible shortcoming is the retarded state of stope preparation which will force the company to rely upon development muck in the immediate future to meet a self-imposed production quota of 2,500 tons per month. Scheduling of stope preparation has not taken adequate account of the provisions for a tax-free period provided by the Income Tax Act.

6. Total operating costs based upon a production of 2,500 tons per month will probably be in the range of \$17.50 to \$16.50 per ton. All production is subject to a royalty of 15% of net smelter returns.

7. Ore reserves amount to 71,174 tons of indicated ore grading 40.7 ozs. silver per ton and 17,493 tons of possible ore arbitrarily judged to contain 20 ozs. silver per ton. The property possesses an important but unassessed exploration potential.

8. The properties in Fabre Township, Quebec, and in Taylor Township, Ontario, have only speculative value.

RECOMMENDATIONS

It is recommended that the company continue its present operating policies and attempt to adhere to the production quota which it has set for itself. Every reasonable effort should be made to increase the tempo of stope preparation so that continuity of future production may be assured. The schedule of stope preparation should be revised so that the richest of the developed veins can be mined during the three year tax-free period.

INTRODUCTION

This report is written on Silverfields Mining Corporation Limited whose principal asset is a lease on a 67.8 acre property in the silver-producing area of Cobalt, Ontario. The property is only one and one half miles southeast of the town of Cobalt from which it is easily accessible by an all-weather gravel road. Hydro electric power and Ontario Hydro compressed air services are conveniently available.

The patented claims comprising the property are located in lot 5, Concession IV, Coleman Township, and their titles appear in the register for South Section of Temiskaming, more particularly as follows:

Parcel 5324, known as claim 1511, or the "Meteor"
Parcel 3727, known as claim 395, or the "Alexandra"
Parcel 3728, known as claim 1385, or the "Cobalt Silver Mountain"
Parcel 5323, known as claim 1490, or the "McCormack"

The Lands Titles Office in Haileybury shows that all of these parcels are owned by James E. Armstrong, Cecil Richards, and the Crown Trust Company, who are executors for the estate of Carl Reinhardt, deceased. All parcels have entered against them a caution by Silverfields Mining Corporation Limited dated 26 November 1962 claiming an interest in the lands. That company's Statutory Prospectus refers to an agreement dated 24 September 1962 by which it acquired a lease on the lands for a period of 10 years. The lease calls for the payment to the lessor of "15% of the net smelter returns of all ores, minerals or metals".

Silverfields owns 29 unpatented contiguous mining claims in Fabre Township, Quebec, on the east shore of Lake Temiskaming opposite the silver-producing area of South Lorrain Township, Ontario. The claims occupy parts of lots 30 to 42, Concession II and are numbered as follows:

| License No. | 197592 | Claims | 1 | - | 4 |
|-------------|--------|--------|---|---|---|
| " | " | 197593 | " | " | " |
| " | " | 197594 | " | " | " |
| " | " | 197595 | " | " | " |
| " | " | 197596 | " | " | " |
| " | " | 197597 | " | " | " |
| " | " | 197598 | " | " | " |
| " | " | 197599 | " | " | " |

Silverfields has an option on two groups of 4 claims each, in Taylor Township, near the Destor-Porcupine fault, 8 miles northwest of Matheson, Ontario. These claims constitute a gold prospect. They are numbered:

L-78317 - 20
L-78427 - 30

Reference is made in this report to the following publications and maps:

ODM PR on Parts of Coleman Township, Concession IV lots 1 to 5, etc., by Robert Thomson, August 1961.

ODM map 19e, accompanying vol. 19, pt. 2, 1910, by W. G. Miller.

Statutory Prospectus, Silverfields Mining Corporation Limited, 26 September 1962.

Unsigned copy of an agreement dated 19 May 1964 between Gino Cicci and Silverfields Mining Corporation Limited.

The writer examined the underground workings and engineering plans of the Cobalt property on 19 May 1964 and over the period 16-25 September 1964. No physical examination of the property holdings outside Cobalt has been made.

GENERAL GEOLOGY

Silverfields' Cobalt property is located on the south rim of a geological structure known as the Peterson Lake basin. This basin consists of a small thin central portion of ancient lavas, sediments, and associated rocks of Keewatin age, surrounded, underlain, and intruded by the Nipissing diabase sill which dips inward at a gentle angle. Locally this sill is about 1,000 feet thick. Beneath the sill and overlying the Keewatin, lie deposits of Huronian sediments whose local thickness varies dependent upon the irregularities of the Keewatin surface on which they lie, and upon the horizon at which the Nipissing sill has intruded.

Locally the Keewatin rocks consist predominantly of volcanics ranging in composition from basalt to rhyolite. Intermingled with the volcanics are bands of tuffaceous and sedimentary rocks associated with volcanism. All these rocks are cut by a variety of intrusives of Keewatin, Haileyburian, and Algoman age.

The Huronian rocks consist of conglomerates, greywackes, and quartzites of the Coleman formation (Robert Thomson, op.cit.). Locally the Huronian is undisturbed from its initial attitude of deposition.

The Nipissing diabase is a dark medium to coarse grained intrusive of Keeweenawan age; it is composed predominantly of pyroxene and plagioclase feldspar. The texture of the rock is diabasic. In all parts of the sill except its margins, hypersthene is a visible constituent.

The silver ore deposits occur in all of the rocks described above, but in the area covered by the Peterson Lake Basin and indeed throughout the whole of the district, most of the deposits occur in Huronian rocks. Silver ore deposition has taken place in narrow (generally 1 to 6 inches) veins which are crack or fracture fillings. The gangue minerals are predominantly calcite with minor quartz. Dispersed through the calcite veins are the ore shoots containing native silver and massive arsenides of cobalt and nickel. Typical ore shoots have a maximum dimension of 150 feet; their distribution within the calcite veins is erratic, and the distribution of silver within the ore shoots is also erratic. Ore shoots are not found more than 500 feet from a diabase contact. They tend to occur in clusters separated by wide expanses of ground which is unproductive and devoid of veins.

The geological control over the distribution of ore clusters appears to be related to the local composition and structure of the Keewatin volcanics. Those areas underlain by Keewatin tuffaceous and sedimentary rocks seem to have been most favourable for ore deposition, but the means by which such control has been exerted is not known.

GEOLOGICAL SUCCESSION

PLEISTOCENE: Glacial drift, boulders, gravel, and sand.

GREAT UNCONFORMITY PRECAMBRIAN

KEWEENAWAN: Nipissing diabase sill.

INTRUSIVE CONTACT

HURONIAN (COBALT SERIES):

COLEMAN FORMATION: Conglomerate, greywacke, and quartzite.

GREAT UNCONFORMITY

HAILEYBURIAN: Lamprophyre dykes.

INTRUSIVE CONTACT

KEEWATIN: Volcanics, mainly andesitic, volcanic breccia, interflow sedimentary rocks and tuffs.

GEOLOGY OF THE SILVERFIELDS PROPERTY

The surface of the Silverfields property is immediately underlain by Nipissing diabase, except for a small area in the northwest corner of the property where the diabase has been removed by erosion and underlying Huronian sediments have been exposed. The property covers a part of a Huronian-filled trough in the ancient Keewatin land surface running SSE. The known ore deposits are largely confined to these Huronian rocks.

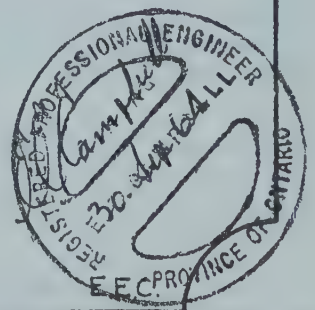
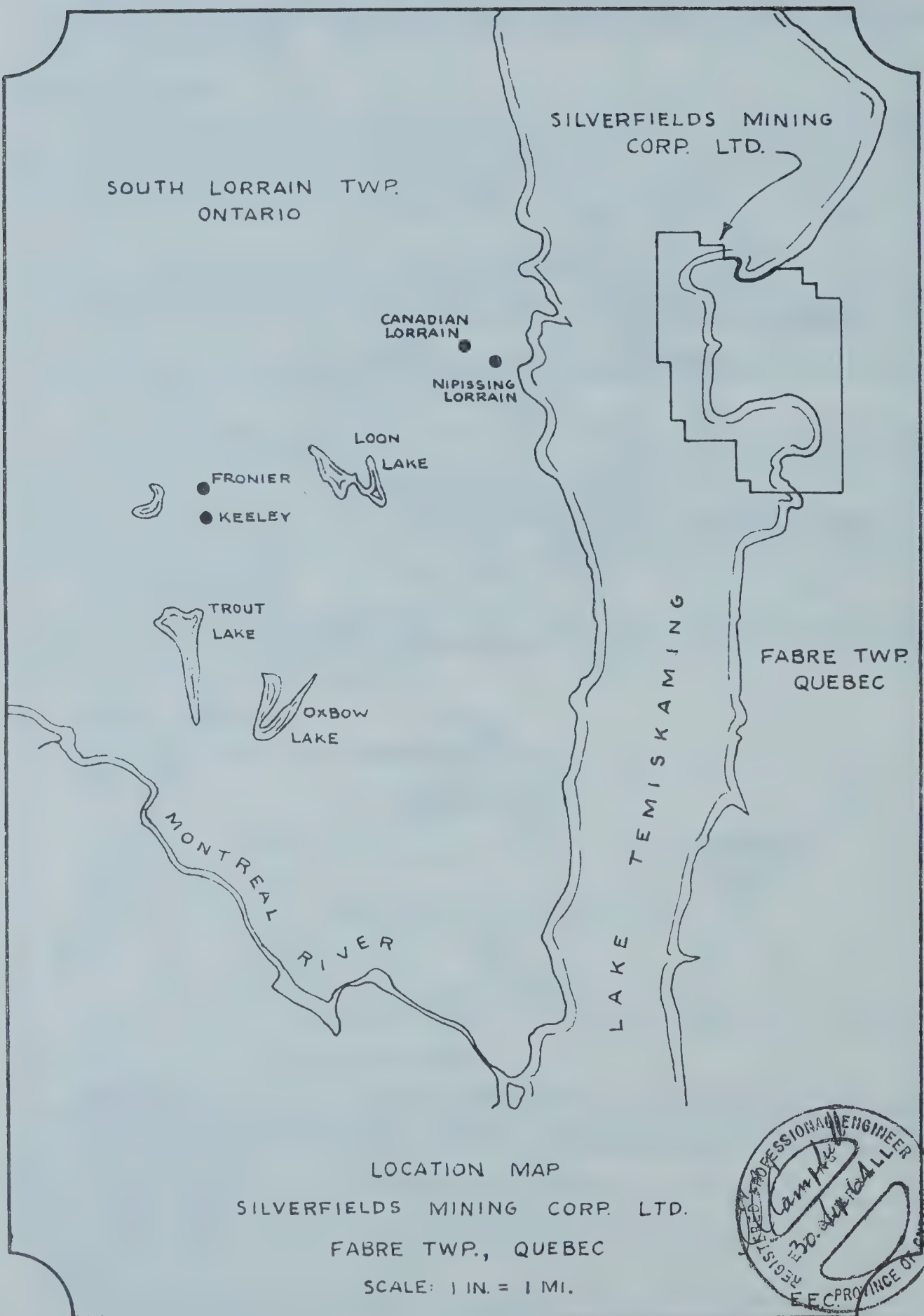
Although the Keewatin rocks underlie all portions of the property at depth, they are poorly exposed. They appear in the cross-cut leading west from the shaft on the fourth level, in the western extremities of the drifts on the fourth level, and throughout the limited fifth level development. They have been exposed in numerous diamond drill holes. The exposures are mainly of pillowed andesite and associated volcanic fragmental. The western end of the fourth level drift on vein 2 exposes black carbonaceous chert liberally mineralized with sphalerite, pyrrhotite, and pyrite. In one exposure of Keewatin, a Haileyburian dyke of hornblende lamprophyre can be observed. Sparse disseminated pyrite and pyrrhotite are visible in all Keewatin exposures. Near the contact with the overlying Huronian sediments the Keewatin is bleached and intensely spotted with what appears to be fine black chlorite. The spots are irregularly shaped but rounded; they attain a maximum dimension of about ½ inch.

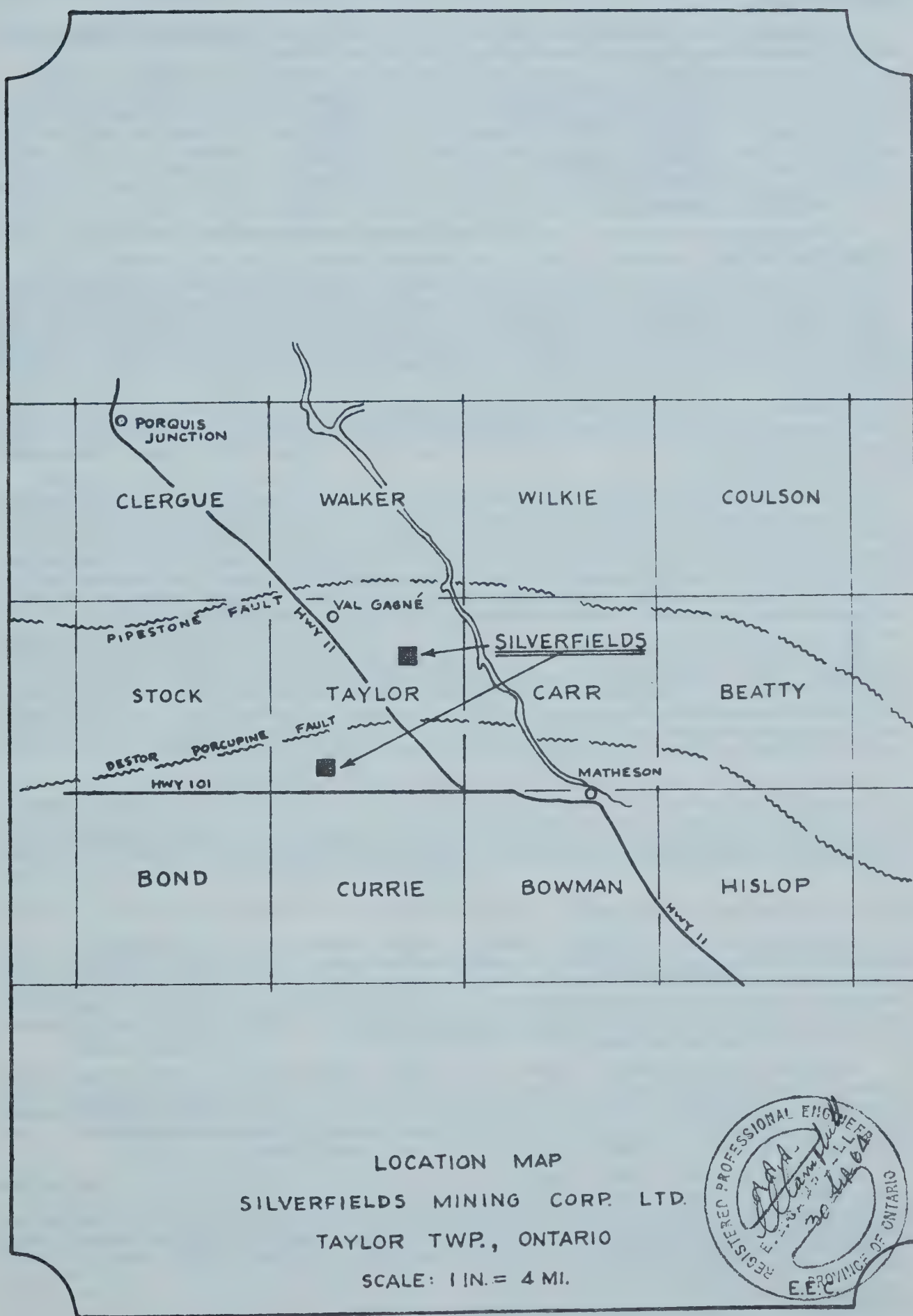
Huronian sedimentary rocks are exposed throughout all of the third level and most of the fourth level. The bottom member of the series is exposed in diamond drill holes at the bottom of the trough, or valley, in the old Keewatin land surface; it is of basal conglomerate containing angular fragments of the underlying Keewatin. The basal conglomerate grades upward into a coarse conglomerate containing large well-rounded



LOCATION MAP
SILVERFIELDS MINING CORP. LTD.
COBALT, ONTARIO
SCALE: 1 IN. = 1 MI.







| | |
|---|--------------|
| Total production January-July 1964 | 564,485 ozs. |
| Net revenue from smelters including adjustment for all credits and penalties incurred from other metals | \$724,734 |
| Revenue per ounce of contained silver | \$ 1.284 |
| Price of silver per ounce, Cobalt Refinery | \$ 1.390 |
| Net cost of smelting, per ounce | \$ 0.106 |
| Royalty per ounce @ 15% of \$1.284 | \$ 0.193 |
| Marketing charges, January-July 1964 | |
| Including trucking of concentrates, freight, sampling, assaying, and labour | \$ 6.333 |
| Marketing, per ounce | \$ 1.011 |
| Net value to Silverfields of 1 ounce of Silver \$1.390-0.106-0.193-0.011 | \$ 1.08 |

OPERATING COSTS

The employees of Silverfields are not covered by any union agreement. The company pays wages which are competitive with local union rates (\$1.80 per hour for machinemen, timbermen, and hoistmen) and operates on a 44 hour week. The payroll consists of 45 employees including all supervisory personnel, 2 engineers, 1 geologist, one accountant, and one timekeeper-typist. Mine operating expenditures (excluding milling charges) in August totalled \$32,445. Although some economies are possible in the future, for example the saving on the compressed air account by the electrification of hoist, it is doubtful if expenditures can be reduced below \$30,000 per month. At their quota rate of production of 2,500 tons per month, mine operating costs based on August expenditures will be \$13 per ton, and might possibly be reduced to \$12. Milling and ore haulage costs are fixed at \$4.00 and \$0.50 per ton respectively, giving a total operating cost in the future of between \$17.50 and \$16.50 per ton. Further reduction of operating costs will only be achieved by increasing the rate of production.

For the calculation of ore reserves, 15 ozs. silver per ton is taken as cut-off grade.

METHOD OF COMPUTING ORE RESERVES

In the silver mines of the Cobalt district the erratic distribution of ore shoots and of silver within the ore shoots prevents blocking out of ore in the conventional fashion. The operating technique employed is to discover and develop the ore, commonly by a drift on one level, and then to allow mining operations to follow the ore wherever it may go. Attempts to block out ore with raises, or with diamond drill holes, or by channel sampling, are wasteful and the information obtained in such attempts can be dangerously misleading. Almost all operating mines, past and present, compute ore reserves. None publishes the results, and annual reports of a generation ago make eloquent references to the impossibility of forecasting the productivity of a single vein or area. Annual computation of reserves is of value to operating management however, if the formula for doing so remains consistent from year to year.

The following formula has been used by the writer over a period of 15 years. It has been proved to be conservative where it has been applied; it will probably be so in the case of Silverfields; it has the value of being simple. The formula recognises two classifications of ore: indicated and possible. Indicated ore has some factual evidence for its existence. Possible ore has none and its existence is the result of arbitrary assessment.

Indicated ore is presumed to extend 30 feet up, down, and to each side of an exposure unless there is good evidence that it does not. Arbitrary judgement can serve only to reduce these limits, never to increase them. Any arbitrary increase is placed in the "possible" category. Grade is commonly established arbitrarily by the manager on the evidence of muck sampling results, diamond drill hole assays, milling, and experience. In this case, the writer relies heavily upon muck sampling, with its commendable consistency, adjusted to actual mill performance by the factor already evolved. It is pointed out however that although the muck samples from all of the ore extracted for milling have served to produce this factor, only drift muck samples have been used in ore reserve calculations. This escapes the influences arising from the arbitrary selection of those parts of a drift on which backs have been taken down; during the examination it was not evident that management had selected the worst sections.

The grade of possible ore has been set arbitrarily by the writer at 20 ozs. silver per ton.

Despite the rigidity of the formula, arbitrary judgement in calculating reserves has been inescapable, especially in defining the limits of blocks of ore. The 100 scale stope sections accompanying this report serve to illustrate and to explain the reasons why these decisions have been made. They are scaled down copies of the original 20 scale sections on which the actual calculations have been made. Ore widths are taken from underground observations of existing openings or from measurement of the extent of mineralization. The volume: tonnage ratio used has been 12 cu.ft. to 1 ton.

It must be mentioned here that management recognizes a third classification of ore reserves based upon diamond drill hole intersections of strong veins well mineralized with cobalt and silver from which significant but below ore grade assays have been obtained. Examples of such intersections can be seen on the section for No. 8 vein. Although the writer feels that these situations are likely to produce some ore, they are more in the nature of exploration potential than ore reserves.

A composite plan of the 3rd, 4th, and 5th levels, showing the numbers of veins, is included in the back of the report, and it is so mounted that it can be extended out and referred to while reading the vein descriptions and examining the sections. The sections are bound in numerical order. Silver assays of diamond drill hole intersections are expressed as ounces of silver per ton over the width of the sample in feet.

ORE RESERVES

No. 1 VEIN:

This section illustrates the main geological elements of the trough of Huronian sediments (H) overlying the Keewatin (K). Note that the drill hole results serve to distinguish ore from waste and that in the blocks above and below the 4th level openings, the grade of ore from muck sampling is used for determining grade. The interruption in continuity of drift coincides with the cutting of the vein by a steeply dipping fault which strikes WNW; the two "Nils" at this point did not intersect the vein. This section shows the only place where significant ore has been found in and above the quartzite. Considerable weight is accorded the drill hole intersection to the west of the section (15.0/0.2); the vein was strong and contained liberal cobalt and bismuth; as shown it was right in the contact area. This is the only hole in this or subsequent sections which was drilled from the Meteor workings.

VEIN 1N:

The extent of ore above the level has been reduced arbitrarily by the deduced position of the overlying quartzite. No such limitation is necessary beneath the level, where the continuation of ore downward beyond the thirty foot limit falls into the category of possible ore. Nevertheless it is unlikely that the ore persists into the Keewatin, and the position of the Huronian. Keewatin contact serves to limit ore of both categories. The grade of the reserves around the isolated drill hole intersection is here and elsewhere computed from core lengths corrected by the dip of the hole and the angle of incidence between the horizontal projection of the hole and the trace of the vein, which is vertical. It seems likely that the quartzite pinches out in the vicinity of this hole. Allowance for a pillar has been made between vein 1N and vein 1 as shown.

VEIN 2:

Note how the drill intersections below ore grade in the eastern part of the section serve to reduce the vertical extent of indicated ore; ore is assumed to extend only $\frac{1}{2}$ the distance between the drift back and these holes. Furthermore since there is evidence that it does not go up, it is not assumed to go down the full 30 feet. Ore at depth however has been classified as "possible".

VEIN 2A:

The muck sampling produces a grade slightly higher than that of the one drill hole intersection. The latter is ignored in grade calculations.

VEIN 2W:

The mineralization here was observed to be unusually rich and erratic, especially in the Keewatin exposures. The intersection 167.6/0.3 is not ore when the true width is computed.

VEIN 3: (no section provided)

Reserves in No. 3 vein contain 300 tons of indicated ore grading 37.4 ozs. per ton, and no positive ore. Two of many drill holes at the eastern end of the vein produced intersections grading 31.2 ozs. and 43.6 ozs., both over 3.0 feet true width. Nearby intersections of below ore grade limit the volume of reserves.

VEIN 4S:

This appears to be potentially the most productive vein in the mine. It measures from 4 inches to 10 inches in width and the distribution of silver is exceptionally uniform. Despite the high grade of indicated ore reserves, this is one instance where the method of handling muck samples and of cutting their assays to 50 ozs. discriminates against a rich occurrence; the actual grade is probably even higher than determined here. In spite of this realization, the rich drill hole intersection at drift level is given no weight in grade determination in the blocks immediately above and below the mine openings.

VEIN 4W:

The section on this vein illustrates well how the quartzite has been assumed to limit the vertical extent of ore occurrences. It is possible that ore will be produced from the quartzite, but the factual evidence here is against it. Note how the 9.9/1.5 drill intersection cuts down locally the lower limit of indicated ore.

VEIN 4WA:

The single drill hole intersection, below ore grade, has been ignored in grade computation. It does however reflect a lower than average section of the muck sampling results. It is evident here that if the ore reserve computation had been based on muck samples from all the ore produced from the vein, this lower-than-average section would have received too little weight. Management's intention is to stope the whole block.

VEIN 4WB:

Ore calculations here are simple, being uncomplicated by any conflicting drill hole results.

VEIN 5:

This section contains much evidence upon the adverse influence upon ore deposition exerted by the quartzite. The small back stope in the middle of the section is reported to have produced good ore, but it pinched out in the exposed faces. The lateral limits of the block below the level at this point are set by the muck samples, not by the observed, and subsequently removed, mineralization above. The pinching out of the ore in the back stope above the level discourages any classification of possible ore beneath the level.

VEIN 6:

Keewatin ore exposures on No. 6 vein are rich but erratic. Much more ore than shown might be produced from the Keewatin, but the operation has had too little actual experience with mining in this formation to allow the designation of any possible ore here.

VEIN 7: (no section provided)

As with No. 3 vein, many holes on No. 7 vein have been drilled. Two intersections of ore grade permit the assessment of 1,590 tons of indicated ore grading 16.8 ozs. silver per ton, and no possible ore.

VEIN 8:

This section was compiled especially for this report to illustrate the erratic results obtained in drilling and how it is possible to do too much drilling. No assurance can be given that more ore will be encountered than declared in the ore reserves, but it was on the promising appearance of the vein itself, not upon the assay results, that management decided to cross-cut to the vein and to develop it by drifting. The writer approves of this decision. At the time of writing the 4th level cross-cut hit the vein at about the middle of the eastern block of indicated ore. Visual appraisal of the exposure was compatible with the drill hole value shown.

MISCELLANEOUS VEINS:

Diamond drill holes in the area between No. 6 and No. 8 veins and south of No. 8 vein produced 6 intersections of ore grade. The pattern of these intersections suggests a complex system of veins similar to the 1-5-7 system, or to the 2-3-4-6 system, grouped around No. 8 vein. The intersections have been allotted 5,482 tons of indicated ore grading 37.8 ozs. silver per ton and no possible ore.

TABULATED SUMMARY OF RESERVES

| Vein | Indicated Ore | | Possible Ore | |
|--------|---------------|-----------------|--------------|-----------------|
| | Tons | Grade, Ozs./Ton | Tons | Grade, Ozs./Ton |
| 1 | 17,703 | 34.2 | 6,345 | 20 |
| 1N | 3,730 | 34.8 | 634 | 20 |
| 2 | 6,437 | 36.8 | 2,894 | 20 |
| 2A | 884 | 26.6 | — | — |
| 2W | 670 | 92.0 | 181 | 20 |
| 3 | 300 | 37.4 | — | — |
| 4S | 10,467 | 61.3 | 1,541 | 20 |
| 4W | 7,924 | 39.7 | 2,224 | 20 |
| 4WA | 3,356 | 20.3 | 831 | 20 |
| 4WB | 3,608 | 25.3 | 1,170 | 20 |
| 5 | 3,949 | 66.6 | 1,341 | 20 |
| 6 | 4,090 | 46.0 | 312 | 20 |
| 7 | 1,590 | 16.8 | — | — |
| 8 | 984 | 26.2 | — | — |
| Misc. | 5,482 | 37.8 | — | — |
| Totals | 71,174 | 40.7 | 17,473 | 20 |

Total Indicated Ore: 71,174 tons grading 40.7 ozs. per ton
Total Possible Ore: 17,473 tons grading 20 ozs. per ton

EXPLORATION POTENTIAL

Only about ½ the area of the property can be considered to have been explored. The potential of the unexplored portions of the Huronian sedimentary trough both north and south of the developed veins on the 4th level is untested. The promise of this structure is considerably enhanced by the known ore occurrences in it on the Silver Summit (Savage) property to the north and by the reported discoveries in it on the Glen Lake (Hi-Ho, or Cleopatra) property to the south. A few long exploration holes drilled by Silverfields have shown the presence of strong vein structures with significant but below ore grade silver and cobalt mineralization in the untested portions of the trough adjacent to the present underground openings.

An important part of the exploration potential lies within the structures to which ore reserves have already been assigned. The comparison between what these veins will actually produce and what reserves have been assigned to them will be a test of the formula by which the reserves have been computed. Elsewhere the formula has been proved to be conservative; here it has not yet been tested.

As stated earlier in this report, the Silverfields operation is suffering from a temporary lack of balance between exploration, development, and mining phases. To achieve this balance, the exploration tempo might well be reduced until the mining phase has been advanced to the point where continuous production is assured.

FABRE TOWNSHIP PROPERTY

The Statutory prospectus (op.cit.) contains a report by Joseph C. Frantz dated 25 September 1962 on a 29 claim silver prospect in Fabre Township, Quebec. The claims comprise approximately 1,460 acres covering land and water on the Quebec shore of Lake Temiskaming opposite the silverproducing area of South Lorrain Township, Ontario.

The geology of the claims is described as being made up of Nipissing diabase, Huronian greywacke and Huronian quartzite. Much prospecting and work was done during the period 1905-1911. Veins exposed on the dumps of old shafts are described as containing calcite, pyrite, chalcopyrite, and a little cobalt bloom. "Silver assays" are reported from some of these veins.

Mr. Frantz has recommended a work programme entailing geological mapping, seismic surveying, and diamond drilling. At the present time a programme of diamond drilling is being conducted to provide the assessment work necessary to keep the claims in good standing.

TAYLOR TOWNSHIP PROPERTIES

The two 4 claim groups in Taylor Township are located on either side of the Destor-Porcupine fault. A report in the Northern Miner of 14 May 1964 speculates on the results of work in the township by Hollinger Consolidated. No engineering reports cover the Silverfields ground, the value of which seems purely speculative.

Title to the Silverfields claims is not yet assured. The Agreement (op.cit.) acknowledges payment of \$7,500 by Silverfields to Gino Cicci and provides for payment of an additional \$7,500 on or before 20 November 1964. All monies paid are to be held in escrow by Gino Cicci until an amended prospectus of Silverfields shall have been judged acceptable by the Ontario Securities Commission. If judged not acceptable, the monies shall be returned to Silverfields. The agreement contains an option clause calling for the formation of a new company by Silverfields before 19 May 1965, transfer of the claims to it, and delivery to Gino Cicci of 50,000 of the new shares. Failure to comply with these provisions will result in the reversion of the claims to Gino Cicci. A similar agreement exists between Gino Cicci and United Reef Petroleum Limited, and the Silverfields agreement provides that in the event that a new company is formed jointly to take over the claims described in both agreements, Gino Cicci may be paid 100,000 shares of the joint company to satisfy the provisions of this option clause.

A letter from the mining recorder of the Larder Lake Mining Division grants to Silverfields an extension of time in which to perform assessment work on its claims to 24 September 1965.

CERTIFICATE

I, E. E. CAMPBELL, with business and residential address in the town of Haileybury, in the Province of Ontario, do hereby certify that:

1. I am a consulting engineer in mining and geology.
2. I am a graduate of Queen's and Harvard Universities; I hold the degrees of BSc (Mining, honours, 1946) and MSc (Geology, 1948) from Queen's, and MA (Economic Geology, 1949) from Harvard.
3. I am a registered member of the Association of Professional Engineers of the Province of Ontario.
4. For the past 15 years I have been actively associated with silver mining operations in the Temiskaming District of Ontario.
5. I have visited and examined the Cobalt property of Silverfields Mining Corporation Limited on 19 May 1964 and over the period 16-25 September 1964. I have not made physical examinations of the properties outside Cobalt.
6. I possess no interest and I do not anticipate receiving any interest in the properties, shares, or securities of Silverfields Mining Corporation Limited.

"E. E. CAMPBELL," BSc., MSc., MA, P.Eng.

Haileybury, Ontario
30 September 1964.

